

was changed to ViewTrade Financial Network, Inc. Each firm operates independently of the other with ViewTrade Securities handling internet trading business and ViewTrade Financial handling the retail brokerage business.

3. Richard D. O'Reilly ("**O'Reilly**"), CRD# 845839, residing at 15 Island View Way, Sea Bright, New Jersey, 07760, has been the branch manager since February 16, 2004 for ViewTrade Financial's Jersey City branch office located at 525 Washington Boulevard, 24th Floor, Jersey City, New Jersey 07310. O'Reilly's New Jersey agent registration with ViewTrade Securities was effective from January 16, 2001 until December 31, 2003. His New Jersey registration as an agent for ViewTrade Financial was made effective on October 15, 2003. At all times relevant herein, O'Reilly was Alfred G. Block's supervisor.
4. Alfred "Archie" G. Block ("**Block**"), CRD# 1192064, residing at 40 West Drive, Livingston, New Jersey 07039, has been registered as an agent of ViewTrade Financial's Jersey City branch office since January 6, 2004. Block was registered with the Bureau as an agent of ViewTrade Securities from December 4, 2000 until December 31, 2003. Block's New Jersey agent registration with ViewTrade Securities was subject to a supervisory agreement, dated November 29, 2000, and signed by O'Reilly for ViewTrade Securities. Due to the merger of ViewTrade Holdings and E-Myerson.com, Block's agent registration needed to be transferred from ViewTrade Securities to ViewTrade Financial so that Block could continue to service his retail clientele. As such, ViewTrade Financial applied to the State of New Jersey to register Block as an agent on December 10, 2003. His agent registration is subject to a supervisory agreement, dated December 23, 2003, signed by O'Reilly for ViewTrade Financial and Block for himself and was approved on January 6, 2004.
5. On December 31, 2003, Block's registration with the Bureau as an agent for ViewTrade Securities was voluntarily terminated by ViewTrade Securities. Thereafter, Block was not registered as an agent with the Bureau from January 1, 2004 until January 6, 2004, the date upon which Block's registration as an agent with ViewTrade Financial was approved. All of Block's securities transactions conducted while employed with ViewTrade Securities prior to December 31, 2003 were not in violation of N.J.S.A 49:3-56(a).
6. During the time period beginning January 1, 2004 until January 5, 2004, Block was not registered to act as an agent within the state of New Jersey, and therefore could not legally effectuate transactions to or from New Jersey.
7. O'Reilly and Mark Griffith ("**Griffith**"), Compliance Manager for ViewTrade Financial, were notified of Block's unregistered status on January 2, 2004 via email by James St. Clair ("**St. Clair**"), CFO, CCO and CEO of both ViewTrade Financial and ViewTrade Securities. St. Clair's email was sent at 3:33 p.m., before the close of business. The email made it clear that Block's unregistered agent status with ViewTrade Financial was known to ViewTrade Financial and Griffith during the week preceding January 2, 2004, and that there were to be "NO" trades executed for agents who were not duly registered with ViewTrade Financial. ViewTrade Financial has "systems" in place that are

administered by Fiserv¹ and are designed to reject trades placed in states where an agent is not registered. During the time in which Block was not registered as an agent in New Jersey, the "systems" were recognizing Block as being a properly registered agent for ViewTrade Securities, although Block's registration as an agent for ViewTrade Securities had been terminated on December 31, 2003. ViewTrade Financial's "systems" failed to detect Block's unregistered status as an agent in New Jersey beginning on January 2, 2004. Therefore, ViewTrade Financial's systems were not adequate to prevent the unregistered trading activities of Block.

8. Beginning on or about January 2, 2004 and concluding on or about January 5, 2004, Block was engaged in unregistered securities activities from New Jersey with clients that resided in New Jersey, New York and Illinois. Two (2) trades were placed in the Marsh Block & Co. Inc. Profit Sharing Plan ("Marsh Block")² account (New Jersey), four (4) trades were placed in the Niles Corp ("Niles") account (Illinois) and eleven (11) trades were placed in the Murray Weinstein ("Weinstein") account (New York). Of the two (2) trades placed in the Marsh Block account during the time period relevant herein, none (0) of the trades were canceled and Block retained commissions earned. Of the four (4) trades placed in the Niles account during the time period relevant herein, none (0) of the trades were canceled and Block retained commissions earned. Of the eleven (11) trades placed in the Weinstein account during the time period relevant herein, eight (8) of the trades were canceled and three (3) trades were not canceled and Block retained the commissions earned on those three trades.
9. With respect to the trades that were not canceled, ViewTrade Financial asserts that they contacted the affected clients and notified them of Block's unregistered status and offered those clients the option of rescinding or affirming the trades.
10. O'Reilly, as Block's NASD registered principal supervisor, failed to prevent Block's violations of the Securities Law and as a result, failed to reasonably and adequately supervise Block.
11. ViewTrade Financial's compliance department failed to prevent Block from engaging in unregistered securities activity and further, did not discover Block's unregistered securities activity until on or about January 9, 2004, one week after St. Clair sent an email regarding Block's unregistered status to those individuals responsible for the supervision of Block.

¹Fiserv, Securities ("Fiserv"), 1 Commerce Square, 2005 Market Street, 12th Floor, Philadelphia, PA, has a clearing arrangement and a custody agreement with ViewTrade Financial whereby Fiserv agrees to maintain the accounts, funds and securities of ViewTrade Financial's clients and ViewTrade Financial.

²Marsh, Block & Co. Inc. Profit Sharing Plan Account is a trust account established by Block when Block was Chairman of Marsh, Block & Co. Inc. Currently, Block is trustee of the account. Marsh, Block & Co. Inc. was formed as a corporation on July 7, 1969 and its New Jersey broker-dealer registration was withdrawn on January 12, 1998 at the firm's request, its SEC broker-dealer registration was revoked February 8, 1999 and its NASD broker-dealer registration was expelled on April 13, 1999 because of the firm's failure to pay fines and costs from an arbitration award.

12. According to ViewTrade Financial's Written Supervisory Procedures ("WSP") Section 2-5, ViewTrade Financial should maintain new account documentation, which should include suitability data, client and principal signatures and all other agreements entered into. Account documentation for clients reviewed during the Bureau's Examination were missing but were partially recreated by ViewTrade Financial in response to the Bureau's request for documents in April 2004. However, the documents were dated and made available to the Bureau in May 2004.
13. At no time prior to the Bureau's request for the above mentioned files, did ViewTrade Financial or ViewTrade Securities as a result of an internal audit or in an attempt to comply with their own supervisory procedures, request or ensure that Block's files complied with ViewTrade Financial's WSP Section 2-5.
14. During the times that Block was registered as an agent, ViewTrade Financial was required to conduct a monthly review of Block's securities activities and such review was to be memorialized by a memo as to the nature of the review undertaken and any problems noted. ViewTrade Financial's monthly review of Block did not sufficiently describe the nature of the review of Block and lacked proof of any supporting documentation used to conclude that Block did not engage in activity that was not of regulatory or compliance concern. Block's first monthly review, dated February 4, 2004, related to Block's trading activity with respect to New Jersey residents for the month of January 2004. As a result, ViewTrade Financial did not memorialize pertinent matters of regulatory and compliance concern with respect to Block's unregistered trading activity from the State of New Jersey to New Jersey, New York and Illinois residents during the time period beginning January 2, 2004 until January 5, 2004.
15. During the time period December 4, 2000 through December 31, 2003, ViewTrade Securities was under an obligation to immediately notify the Bureau of any customer complaint, civil or criminal action, arbitration or investigation instituted against Block.
16. During June 2003, four customer complaints were made against the trading activities of Block and O'Reilly. These complaints were not disclosed or reported to the Bureau and were not disclosed or reported to the CRD because it was ViewTrade Securities' belief that the complaints did not rise to the level of NASD 3070 disclosure.

FIRST COUNT

ACTING AS AN AGENT WITHOUT REGISTRATION IN VIOLATION OF N.J.S.A. 49:3-56(a)

17. The allegations of the preceding paragraphs are incorporated into this Count as though set forth verbatim.
18. Block effected purchases and sales of securities from January 2, 2004 until January 5, 2004, from and within New Jersey and thus, acted as an agent as defined in N.J.S.A. 49:3-49(b) of the Securities Law without being registered with the Bureau.

19. Block, therefore violated N.J.S.A. 49:3-56(a) of the Securities Law which requires, among other things, that only individuals registered with the Bureau act as agents while engaging in securities related activities within the State of New Jersey, unless otherwise exempt from registration.
20. Each time Block so acted as an unregistered agent constituted a separate and distinct violation of N.J.S.A. 49:3-56(a) and is a ground for the assessment of civil monetary penalties pursuant to N.J.S.A. 49:3-70.1.

SECOND COUNT

VIEWTRADE FINANCIAL NETWORK, INC EMPLOYED AN UNREGISTERED AGENT IN VIOLATION OF N.J.S.A. 49:3-56(h)

21. The preceding paragraphs are incorporated by reference in this Count as though set forth verbatim herein.
22. ViewTrade Financial employed Block who represented ViewTrade Financial in effecting or attempting to effect securities transactions in New Jersey.
23. Block acted as an agent as defined in N.J.S.A. 49:3-49(b) of the Securities Law without being registered as an agent with the Bureau.
24. ViewTrade Financial, therefore, failed to comply with N.J.S.A. 49:3-56(h) of the Securities Law which makes it unlawful for any broker-dealer to employ an agent in this State unless such agent is registered.
25. ViewTrade Financial's act of employing an unregistered agent is a violation of N.J.S.A. 49:3-56(h) and is a ground for the assessment of a civil monetary penalty pursuant to N.J.S.A. 49:3-70.1.

THIRD COUNT

VIEWTRADE FINANCIAL NETWORK, INC., VIEWTRADE SECURITIES, INC. AND RICHARD D. O'REILLY FAILED TO COMPLY WITH A SUPERVISORY AGREEMENT WHICH IS A VIOLATION OF THE UNIFORM SECURITIES LAW PURSUANT TO N.J.S.A. 49:3-58(a)(2)(ii) AND N.J.A.C. 13:47A-14.16

26. The preceding paragraphs are incorporated by reference in this Count as though set forth verbatim herein.
27. ViewTrade Securities and O'Reilly, agreed, pursuant to a supervisory agreement, dated November 29, 2000, to provide strict supervision of Block as an agent by an NASD registered principal and to notify the Bureau, in writing, with a copy of any customer complaint, civil or criminal action, arbitration or investigation instituted against Block.

28. ViewTrade Financial and O'Reilly, agreed, pursuant to a supervisory agreement, dated December 23, 2003, to provide strict supervision to Block as an agent by an NASD registered principal, conduct a monthly review of Block's securities activities and ensure that such reviews are memorialized as to the nature of the review undertaken and note any matters of regulatory or compliance concerns.
29. ViewTrade Financial, ViewTrade Securities and O'Reilly failed to comply with the supervisory agreements and such failure to comply with both agreements are deemed violations of the Securities Law within the meaning of N.J.S.A. 49:3-58(a)(2)(ii) and N.J.A.C. 13:47A-14.16.
30. Each time ViewTrade Financial, ViewTrade Securities and O'Reilly so acted constituted a separate and distinct violation of the Securities Law within the meaning of N.J.S.A. 49:3-58(a)(2)(ii) and N.J.A.C. 13:47A-14.16 entitling the Bureau to impose sanctions and is a ground for the assessment of civil monetary penalties pursuant to N.J.S.A. 49:3-70.1.

FOURTH COUNT

VIEWTRADE FINANCIAL NETWORK, INC. AND RICHARD D. O'REILLY FAILED TO REASONABLY AND ADEQUATELY SUPERVISE THE SECURITIES ACTIVITIES OF BLOCK PURSUANT TO N.J.S.A. 49:3-58(a)(2)(xi)

31. The preceding paragraphs are incorporated by reference in this Count as though set forth verbatim herein.
32. ViewTrade Financial and O'Reilly failed to ensure that Block was properly registered before employing Block to engage in securities related activity, to prevent Block from conducting securities related activity while Block was not properly registered as an agent and failed to prevent any and all regulatory and compliance related problems with respect to Block's activities.
33. ViewTrade Financial and O'Reilly therefore, pursuant to N.J.S.A. 49:3-58(a)(2)(xi), failed to reasonably supervise Block, an agent for whom ViewTrade Financial and O'Reilly had a heightened supervisory responsibility.
34. Each time ViewTrade Financial and O'Reilly so acted constituted a separate and distinct violation of N.J.S.A. 49:3-58(a)(2)(xi) entitling the Bureau to impose sanctions and is a ground for the assessment of civil monetary penalties pursuant to N.J.S.A. 49:3-70.1.

DEMAND FOR RELIEF

Wherefore, based upon the Findings above, as to the First, Second, Third and Fourth Counts, the Bureau Chief hereby orders the Assessment of civil monetary penalties against Respondents, pursuant to N.J.S.A. 49:3-70.1, jointly and severally, in the amount of \$10,000, against ViewTrade Financial Network, Inc. and against ViewTrade Securities, Inc.; in the amount of \$5,000 against Richard D. O'Reilly; and in the amount of \$1,000 against Alfred "Archie" G. Block.

DATED:

February 2, 2005

BY:

Franklin L. Widmann

Franklin L. Widmann
Chief, Bureau of Securities

NOTICE OF RIGHT TO HEARING

You are advised that upon service of notice of this Penalty Order issued by the Bureau Chief, ViewTrade Financial Network, Inc., ViewTrade Securities, Inc., Richard D. O'Reilly and Alfred "Archie" G. Block shall have up to fifteen (15) days to respond to the Bureau in the form of a written answer and written request for a hearing. A request for a hearing must be accompanied by a written response, which addresses specifically each of the reasons set forth in the Order which formed the basis for its entry. A general denial is unacceptable. Within five (5) business days of receiving the written answer and request for a hearing, the Bureau Chief shall either transmit the matter to the Office of Administrative Law for a hearing, or schedule a hearing at the Bureau of Securities. At any hearing involving this matter, an individual respondent may appear on his/her own behalf or be represented by an attorney.

If an applicant fails to respond by filing a written answer and request for a hearing with the Bureau within the fifteen (15) day prescribed period, the Order shall remain in effect until modified or vacated.

NOTICE OF OTHER ENFORCEMENT REMEDIES

You are advised that the Uniform Securities Law (1997) N.J.S.A. 49:3-47 et seq., provides several enforcement remedies, which are available to be exercised by the Bureau Chief, either alone or in combination. These remedies include, in addition to this action, the right to seek and obtain injunctive and ancillary relief in a civil enforcement action, N.J.S.A. 49:3-69, and the right to seek and obtain civil penalties in an administrative or civil action, N.J.S.A. 49:3-70.1.

You are further advised that the entry of a Final Order does not preclude the Bureau Chief from seeking and obtaining other enforcement remedies against you in connection with the claims made against you in this action.